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February 8, 1991

to: Doc Squad (Mike Naimark, Nick West, David Lawrence, K.O. Beckman) fr: Keith Jordan, Point Foundation re: Establishing an agreement between Point and the Doc Squad on
development of a Cyberthon/VR Interactive Video Project

Point is very supportive of the effort to produce an Interactive Video product on Virtual Reality from the footage taken of the Cyberthon event. As I stated in my December 14 memo, we do feel that it is necessary that there be a legal agreement between the two parties before the transfer and logging phase can be funded.

What follows here is not a proposed legal agreement, but rather an outline of our understanding of the present situation and of our suggestions on how to proceed.

Our understanding of the present situation
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1) Point owns the rights to Cyberthon footage as well as the tape masters.

2) The tape masters are on loan to the Doc Squad as part of a mutual effort between Point and the Doc Squad to explore the possibilites of developing the footage into an interactive video product.

3) Limited-use rights to a small portion of the footage have been sold to Max Whitby of Windfall Films for a BBC-TV documentary.

The $7,000 ultimately received from the sale of those rights (less direct expenses incurred in the effecting of that sale) is ear-marked for development of Phase II of the Cyberthon video project (logging & transfer), subject to establishment of an agreement on that project between Point and the Doc Squad.

Direct expenses for the sale to Windfall Films include: For the Doc Squad, paying for the time of David Lawrence (or whoever else) assisted Max Whitby's producer in selecting footage (this time at $15/hour, 1/2 your normal rate, as stated in the Doc Squad's original proposal). For Point, the time involved in organizing release forms and in establishing the agreement with Windfall Films (7 hours, to date). It would also include any future time involved in securing additional release forms and related work, as well as any tax liability to Point for the sale of these rights (we are currently investigating whether there will be such a liability, and if so, how much it will be). All of Point's time will be charged at $15/hour.

Regarding the Cyberthon Interactive Video Project
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1) The potential scope of the Project has grown quite a bit since our original discussions, from a straightforward "linear" documentary to a state-of-the-art interactive museum installation, and from an estimated budget of $40,000 to over $100,000. Among the factors which lead us to conclude that it makes little sense for Point to manage or oversee

completion of the Project are the following:

- Point's lack of expertise in interactive video
- Our limited resources to oversee and invest time and money in new projects
- The project will not be done by Point employees
- It will not be done in our offices
- We are not in a position where we can reasonably guarantee the completion of such a Project

2) We are still willing to invest the income from the sale to Windfall Films in the logging and transfer phase of the Project. Before we let that money go, though, we would like a reasonable expectation that we will get it back.

3) We propose that the Doc Squad contract with Point for the option to purchase, at a future time, the rights for use of the Cyberthon footage in an installed interactive video exhibit.

4) If and when such a Project is funded, Point would receive $15,000 and credit in a form to be determined.

5) The $15,000 is equivalent to Point's direct investment in the project, including pre- and post-Cyberthon expenses and our investment of the income from the sale of rights to Windfall Films. It does not recover our indirect expenses, nor does it provide for a return on our investment.

6) The Windfall Films income would be ear-marked for the logging and transfer phase of the Project, and would be limited to use for those purposes. Point would want some oversight of that phase's budget. After that phase is completed, the Doc Squad would be fully responsible for contracting with other parties, for meeting deadlines, for deciding how the Project is funded, for how payments to Doc Squad members are made, etc.

7) The Doc Squad would have until December 31, 1991 to exercise this option. At that time, or at the end of the Project, the Doc Squad will return to Point the tape masters, any duplicate copies and the logs of the footage.

8) For the Doc Squad, it seems as though it would be advantageous to not have to work with Point as an active partner on the Project, since we would then be compelled to adopt an oversight role that would complicate your work. Our additional work would also increase the amount of income we would see as necessary to make the project worthwhile.

9) The Doc Squad will need to constitute itself as a partnership or operate under the auspices of some other legal entity (such as Media 360) for the purposes of entering into this agreement.

10) Any other project derived from the Cyberthon footage (such as tapes of main stage presentations, etc.) would be subject to additional agreements between Point and the Doc Squad.

Though this may slow down the Project bit on the front end, it seems to us that it is much better to be clear on arrangements and expectations up front. Saves on both time and misunderstandings in the long run.

We are pleased with how the Doc Squad has stuck with this project thus far, and the possibilites of having it bear fruit seem promising.

Let me know what you all think of this.